

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

CHILE

**INTERNATIONAL FINANCIAL REPORTING STANDARDS AND
INTERNATIONAL STANDARDS ON AUDITING**

(CH-M1001)

DONORS MEMORANDUM

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CONTENTS

I.	EXECUTIVE SUMMARY	1
II.	BACKGROUND AND RATIONALE	2
III.	BASIC PROJECT OBJECTIVES AND COMPONENTS.....	5
	A. Program objectives.....	5
	B. Basic components	5
	1. Component I. Convergence plan	5
	2. Component II. Strengthening of the accounting profession.....	6
	3. Component III. Training	6
	4. Component IV. Dissemination	7
IV.	COST, FINANCING AND SUSTAINABILITY	7
	A. Costs	7
	B. Sustainability	8
V.	EXECUTING UNIT AND IMPLEMENTATION MECHANISM.....	8
	A. Executing unit	8
	B. Implementation mechanism.....	9
	C. Execution period	9
	D. Project preparation	10
VI.	MONITORING AND EVALUATION.....	10
VII.	PROJECT RATIONALE AND RISKS	10
	A. Benefits and rationale	10
	B. Beneficiaries	11
	C. Risks	11
VIII.	SOCIAL AND ENVIRONMENTAL VIABILITY	11
IX.	SPECIAL CONTRACTUAL CONDITIONS	11
X.	EXCEPTIONS TO BANK POLICIES AND PROCEDURES.....	12

ANNEXES

Annex I	Logical framework
Annex II	Detailed budget
Annex III	Table of related projects

INFORMATION AVAILABLE IN THE RE1/SC1 TECHNICAL FILES

Preparation:

Letter of commitment from CORPBANCA
Letter of appointment of the coordination committee

Execution:

Terms of reference for technical manager
Project organization chart
Table showing sequence of impact outcomes
MIF project performance monitoring report

ABBREVIATIONS

FTAA	Free Trade Area of the Americas
GAAP	Generally accepted accounting principles
IAS	International Accounting Standards
IASB	International Accounting Standard Board
INDEP	Institute for Research and Professional Development
ISA	International Standards on Auditing
MIF	Multilateral Investment Fund
OECD	Organization for Economic Cooperation and Development
SMEs	Small and medium-sized enterprises

**INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERNATIONAL
STANDARDS ON AUDITING¹
CH-M1001**

I. EXECUTIVE SUMMARY

Executing agency and beneficiary:	Colegio de Contadores de Chile A.G. [Institute of Accountants of Chile]	
Beneficiaries:	The project will benefit the following groups: (i) large firms and business organizations, because financial statements prepared on the basis of internationally accepted standards will facilitate their participation in international markets; (ii) small and medium-sized enterprises (SMEs), because they will have a permanent information and training center; (iii) regulatory bodies, because they will encounter standardized information in the different sectors, thereby facilitating their oversight task; (iv) Chilean professional and technical workers in the accountancy field, whose technical capacity will be enhanced; and (v) society at large, as a result of greater transparency in financial and accounting information.	
Financing:	MIF: (Facility I) (50%)	US\$ 750,000
	Local counterpart: (50%)	US\$ 750,000
	Total	US\$1,500,000
Objectives and description:	<p>The general aim of the project is to bring Chile into line with global standards by adopting standardized criteria in the presentation of financial accounting information, thereby facilitating trade integration. Its purpose is to strengthen existing mechanisms to support the system and process for issuance and adaptation of international standards, and to strengthen effective mechanisms of coordination, integration and dissemination, to converge rapidly towards them.</p> <p><i>Component I - Convergence Plan.</i> This component consists of consensus-based planning of a set of activities designed to fill existing gaps, and to standardize, issue and upgrade local accounting and auditing norms to converge towards international standards applicable to Chile.</p> <p><i>Component II - Strengthening of the accounting profession.</i> This component will support the Institute of Accountants in developing the convergence plan, which will make a significant contribution to the development of the accounting profession and its practitioners.</p>	

¹ Although the term “international accounting standards” has been changed to “international financial reporting standards,” the original IAS acronym will be used throughout this document since it is the term commonly used in Latin America.

Component III - Training. This component will encourage professional development among practicing accountants, students of the profession, large-scale entrepreneurs and SMEs, by providing training and development options enabling them to keep up-to-date and increase their knowledge. This will entail extending the supply of INDEP courses to regional councils, and forging strategic partnerships with higher education institutes.

Component IV - Dissemination. This component aims to promote and maximize synergy with the various stakeholders, disseminating broad use of the accounting and audit materials and technical statements that emanate from their standards and circulars, in addition to interpretations of international standards applicable to Chile.

Execution timetable:	The program will be executed over a 48-month period, with disbursements spread over 54 months.
Special contractual conditions:	None.
Social and environmental review:	Having reviewed the project at meeting TRG 36-03 on 3 October 2003, the Committee on Environment and Social Impact (CESI) had no comments to add to the environmental and social strategy that the project team had prepared and incorporated in the design of the project.
Exceptions to Bank policies:	None.
Coordination with other official donor institutions:	None.

II. BACKGROUND AND RATIONALE

- 2.1 Chile has an open economy, with low tariff rates and major trade agreements with various groups of countries in the region and around the world. It maintains a serious approach to tax control and has a consistent and credible macroeconomic policy. Agreements with countries in the Free Trade Area of the Americas (FTAA), the European Union (EU) and others require a common language in terms of financial and economic reporting that is understood by all stakeholders.

- 2.2 The Institute of Accountants of Chile (the Institute) is a legally established professional grouping with a structure encompassing the 13 administrative regions of the country. It has been operating for 45 years, and aims to promote activities relevant to the accountancy profession. In 1977 the Research and Professional Development Institute (INDEP) was created, in order to provide mechanisms for Institute members to keep their knowledge, specialization and technical skills up-to-date and enable them to comply with the moral imperative of keeping professionally up-to-date and efficient in an increasingly demanding, competitive, interdependent and complex market. INDEP currently serves about 1,500 members, who mostly attend training activities on taxation issues and other specialization courses.
- 2.3 Since the mid-1990s, the Institute has made a commitment with the government to promote convergence towards IASs, and has been making progress in gaining their acceptance and application. In 1997, Technical Bulletin No. 56 was issued, which established that in the absence of a local accounting norm on a given issue, the default reference should be the corresponding international accounting standard. Accounting standards issued since then have all been in compliance with IASs. Although the challenge remains to implement both new international standards and any amendments made to them, there are still several local norms that require adaptation.
- 2.4 It is compulsory to use the audit standards issued by the Institute's Audit Committee, and in the absence of specific statements in Chile, the independent auditor is required to consider the International Audit Guidelines issued by the International Federation of Accountants (IFAC), the Statement of Auditing Standards (SAS) of the American Institute of Public Accountants, and other generally accepted statements issued by recognized professional associations.
- 2.5 Recent situations of major international impact related to improper use of accounting standards have highlighted the urgent need to speed up and promote the existing convergence plan, clearly establishing how the goal of converging to international standards will be achieved, and the corresponding deadlines, with leadership provided by the Institute. The latter has the capacity to accomplish convergence, but there are several reasons why the process is not taking place more rapidly.
- 2.6 The Institute has a substantial human resource and asset structure, but as a result of two Decree Laws issued in 1979 and 1981,² which established that affiliation is a voluntary act so no one can be required to join, and that "affiliation or membership of a national body cannot be made a requirement for exercise of a profession or trade," the Institute of Accountants of Chile suffered a significant loss of income, which resulted in budget deficits that have been accumulating in recent years. In

² Laws DL 2757 and DL 3621.

2002, the Institute's financial results showed a slight improvement over the previous year, thereby breaking the negative trend.

- 2.7 The advent of private universities in 1982 changed the face of higher education in Chile. Currently there are 44 universities or higher education institutes that offer courses leading to the qualifications of auditor-accountant or public accountant; many technical training centers that provide general accountant technical diplomas; and commercial secondary schools which issue accounts technician diplomas. The level of technical knowledge imparted to the majority of qualifying students makes it necessary to overcome various academic deficits, strengthen continuous education mechanisms and reinforce the subjects of their specialty, in particular accounting principles and audit standards.
- 2.8 Convergence towards international standards (ISAs and IASs) benefits the country by affording conditions for greater competitiveness, increased transparency and comparability of information, together with a common lexicon and greater consistency. For this, accountancy professionals permanently need to update their knowledge on the use of accounting principles and auditing standards applied internationally.
- 2.9 Among the business sector and other users of financial information, there is a need to build awareness of the importance of achieving rapid convergence, since this could lead to increases in international trade, in addition to investments and strategic partnerships at the national, regional and international levels. The project will make it possible to achieve convergence in four years instead of ten, establishing favorable conditions in Chile that much earlier.
- 2.10 In accordance with the government's program and the priorities set in the Bank's strategy, MIF support is concentrated on competitiveness and integration into the New Economy, and in particular is directed at: (i) making small businesses more competitive; (ii) helping microenterprises and small businesses gain access to capital markets; and (iii) helping compile policies on small business growth and consolidation. The proposed program is consistent with the foregoing. No other official donor institutions currently have initiatives that would complement the program.
- 2.11 The program qualifies for MIF financing under Technical Cooperation Facility I. The MIF is actively supporting projects aimed at promoting the institution and/or standardization of accounting and audit standards. This operation is in line with the objectives of the cluster program on "Supporting competitiveness through international accounting and auditing standards" (MIF/GN-80) presented to the Donors Committee in May 2002. In that cluster, the MIF is financing programs that support efficient private-sector financial markets, which need reliable information generated using international accounting and auditing standards.

III. BASIC PROJECT OBJECTIVES AND COMPONENTS

A. Program objectives

- 3.1 The general aim of the project is to bring Chile into line with global standards by adopting standardized criteria for the presentation of financial accounting information, thereby facilitating trade integration. Its purpose is to strengthen existing mechanisms to support the system and process for issuance and adaptation of international standards, and to strengthen effective mechanisms of coordination, integration and dissemination, to converge rapidly towards them.

B. Basic components

1. Component I. Convergence plan (MIF US\$313,700; Local counterpart US\$241,700)

- 3.2 This component will prepare a new convergence plan consisting of identifying differences, preparing a consensus action plan, and planning a set of activities designed to fill existing gaps and converge towards international standards applicable to Chile, helping to educate people about them and disseminate those standards. The Institute, acting through its Accounting Principles and Standards Committee and its Auditing Standards Committee, will be the lead agency in this process, since it has the technical elements, tradition and authority to regulate the profession. Adaptation of IASs and ISAs to the Chilean reality entails a lengthy research process involving the Institute's technical committees, supported by dissemination and consensus-building with the various regulatory bodies, private business associations and others before the new standards are issued. The final outcome of this will be a new convergence plan.
- 3.3 The main activities include the following: (i) an appraisal of the current status of local norms compared to international standards; (ii) formulation of a technical agenda for adopting international standards; (iii) permanent contact and coordination with regulatory bodies, accountancy training institutions, private business associations and the Federation of University Professional Institutes,³ through meetings, congresses, workshops and seminars; (iv) issuance of interpretations and guidelines for the new standards, on an ongoing and timely basis; and (v) inclusion of panel discussions on the convergence plan at future professional congresses.

³ The Federation of University Professional Institutes consists of the 25 presidents of professional institutes in Chile. It aims to unite the various associations, promoting professional development, enhanced culture, international relations, respect for ethical standards and continuing education.

2. Component II. Strengthening of the accounting profession (MIF US\$122,400; Local counterpart US\$190,200)

- 3.4 This component will help the Institute develop the convergence plan, which will make a significant contribution to the development of the accounting profession and of its practitioners. The most important outcomes will include at least a 10% increase in membership to improve its financial situation and a program of voluntary certification for accountancy professionals in Chile.
- 3.5 The main activities include the following: (i) development of a global strategy to define the needs of the Institute in leading the convergence process and raising the status of the profession. The strategy will also define the role to be played by INDEP and the courses it offers; (ii) redesign of information and management systems; (iii) design and implementation of a certification system which, in addition to guaranteeing professional quality, will allow exercise of the profession and recognition of professional qualifications internationally; (iv) provision of better quality information to Institute members on technical subjects (international standards, interpretations, guidelines, etc.), through a telephone advisory service and consultations at the Institute's offices; (v) increased integration of regional and international relations; (vi) redesign of the Institute's website, guaranteeing the provision of up-to-date information; and (vii) provision of free mail-hosting and other services of professional interest to Institute members.

3. Component III. Training (MIF US\$159,000; Local counterpart US\$135,000)

- 3.6 By extending the supply of INDEP courses to regional councils, and forging strategic partnerships with higher education institutes, this component will encourage professional development among practicing accountants, students of the profession, large-scale entrepreneurs and SMEs, by providing training and development options enabling them to keep up-to-date and increase their knowledge. The outcome will be the inclusion of academic materials on IASs and ISAs in the curricula of higher education institutions.
- 3.7 The main activities include: (i) agreeing on similar curricular plans covering all key professional and ethical topics with higher education institutions, given the strong competition that exists in the training area; (ii) development of curricula for continuing education focusing on international accounting and auditing standards; (iii) establishment of strategic partnerships with higher education institutes, promoting the inclusion of subjects related to international accounting and auditing standards; (iv) provision of training, updating and professional development services to the Institute's various regional councils; (v) development of a training program in international trade for SMEs; and (vi) development of an e-learning training program.

4. Component IV. Dissemination (MIF US\$97,800; Local counterpart US\$56,200)

- 3.8 This component aims to promote and maximize synergy with the various stakeholders, disseminating broad use of the accounting and audit materials and technical statements that emanate from their norms and circulars, in addition to interpretations of international standards applicable to Chile. A program will be developed to extend the initiatives contained in this project to entrepreneurs and the community at large, in a timely and innovative fashion. The result will be greater knowledge and wider use of the new accounting and auditing standards by all sectors in Chile.
- 3.9 The main activities to be financed include the following: (i) development of a suitable communications plan; (ii) communication and education on ethical standards; (iii) participation by INDEP staff with expertise on IAS and ISA as presenters at conferences and seminars; (iv) articles published in specialized newspapers and periodicals, and publication of a technical journal; (v) coordination of activities on international standards with private business associations; (vi) coordination of effective means of communication with regulatory bodies in the field of international accounting and auditing standards; (vii) publication of technical bulletins on accountancy and audit standards, with their respective compendiums; (viii) organization of communication events with audit firms; and (ix) studies to help develop a culture of awareness and acceptance of the importance of the convergence process.

IV. COST, FINANCING AND SUSTAINABILITY

A. Costs

- 4.1 The cost of the program is estimated at US\$1.5 million. The MIF will contribute US\$750,000 (50%) in the form of non-reimbursable funds from Facility I. The balance of US\$750,000 (50%) will be borne by the Institute in the form of local counterpart funding, of which 73% will be provided in cash and 27% in kind. The estimated budget for the project is as follows:

Budget categories	MIF (US\$)	Local counterpart (US\$)	Total US\$
Component I.- Convergence plan	313,700	241,700	555,400
Component II.- Strengthening of the Institute	122,400	190,200	312,600
Component III.- Training	159,000	135,000	294,000
Component IV.- Dissemination	97,800	56,200	154,000
Program coordination	12,100	110,900	123,000
Monitoring and evaluation	20,000		20,000
Audit		10,000	10,000
Technical adviser of the cluster	25,000		25,000
Contingencies		6,000	6,000
Total	750,000	750,000	1,500,000

B. Sustainability

- 4.2 Given the importance of the globalization of financial information, the Institute has requested help from MIF to speed up the convergence process in Chile. In recent years the Institute has studied the 73 norms already issued, to decide or define their adaptability with international standards. All local norms from No. 60 onwards agree with their international counterparts. This project will speed up the adoption of approximately 40 international standards that are still pending. **Sustainability** will be guaranteed because, in light of recent world events related to financial accounting information errors and the signing of various free trade agreements, the Institute has developed capacity to adapt three or four international standards per year on a timely basis. This will be sufficient to maintain the pace of issuance of new international standards once the project has concluded.
- 4.3 Law 13011 empowers the Institute to issue accounting and auditing standards. Moreover, in response to specific consultations from the corresponding authority, it acts as an adviser to regulatory bodies, ministries, the national congress and the law courts. It is worth noting that regulatory bodies have formally asked the Institute to review, define and/or improve topics relevant to it from the accountancy standpoint. During their missions, the project team met with the Superintendency of Banks and Financial Institutions and with the Superintendency of Securities and Insurance. Both of these bodies are working permanently with the Institute and gave their full approval to the project.

V. EXECUTING UNIT AND IMPLEMENTATION MECHANISM

A. Executing unit

- 5.1 The executing agency will be the Institute of Accountants of Chile, which has the legal and administrative capacity to carry out the project. The Institute began life in 1932 as a professional grouping known as Registro Nacional de Contadores

[National Register of Accountants]. In 1958 it became legally established as the Institute of Accountants of Chile and has since developed into today's professional association. Its members are required to comply with the statutes and regulations approved by the Institute's bodies.

- 5.2 The Institute's mission is to promote rationalization, development and protection of activities pertaining to the accountancy profession. To ensure compliance with its rules, the Institute maintains an organization encompassing all administrative regions of the country, including the National Council (Santiago). The organizational structure consists of 13 regional councils, with their respective provincial councils and local committees in smaller cities, making a total of 45 establishments altogether, the vast majority of which operate from their own premises. The Institute has nine technical and two special committees.⁴ The operational structure of the Institute consists of 105 staff distributed as follows: 29 in Santiago (including INDEP), and the remainder dispersed around the country. The Institute's income comes from membership fees, revenue from training activities and other operating incomes.

B. Implementation mechanism

- 5.3 Project execution will be coordinated by a committee consisting of the president of the Institute of Accountants and four component advisers drawn from the membership. These will be assisted by the project coordinator and an administrative-financial assistant, both of whom will be funded by the project. Each component will be the responsibility of one of the committee members. During the lifetime of the project, the committee will meet at least twice a month to issue policies and procedures, assess progress, monitor activities and review progress reports from the project coordinator. The latter will report directly to the president of the Institute, work with members of the committee, and act as interlocutor with the Bank. Component 1 (Convergence plan) will have a technical manager reporting to the technical committees on Accounting Principles and Standards, and Audit Standards. The manager's responsibilities include: timely monitoring of international standards; reporting to the committees each week on technical innovations; permanently reviewing relevant publications; maintaining continuous contact and coordination with regulatory bodies; and carrying out other project activities. The project organization chart is available in the RE1/SC1 files.

C. Execution period

- 5.4 The project will be executed over a 48-month period, with disbursements spread over 54 months. Once the conditions precedent to the initial disbursement have

⁴ The technical committees are as follows: Accounting Principles and Standards; Audit Standards; Taxation, Economic and Labor Studies; Training and Accreditation; Internal Audit and Management; Higher Education; Professional Development; Professional Ethics; and Government Accounting. The special committees are: the Committee on Women; and the Social Welfare and Solidarity Committee.

been fulfilled, a revolving fund will be established for up to 10% of the grant. This will be used to facilitate goods and services procurement, which will be carried out in accordance with Bank and MIF procedures.

D. Project preparation

- 5.5 The project is ready for implementation, since the following items have already been completed: formal appointment of the coordination committee; the project's structural organization chart; and the letter of commitment guaranteeing the local counterpart cash funding.

VI. MONITORING AND EVALUATION

- 6.1 **Monitoring.** The Institute will present all project progress reports to the Bank's Country Office in Chile within 30 days following the end of each semester, and the final report within 30 days after the final disbursement. These reports will adhere to a format previously agreed with the Country Office and cover all project activities and financing, in addition to reporting results measured in terms of the indicators and means of verification set out in the logical framework. The Country Office will use these reports for monitoring the progress of project implementation, and where necessary, carry out annual performance evaluations in conjunction with the project team, to decide whether the project should be continued, suspended or cancelled. In addition, given the interest of MIF in this project, since it forms part of the project cluster, it will be assisted by a technical adviser and a mechanism for exchanging information with other executing agencies participating in the cluster, in order to exchange lessons learned and best practices.
- 6.2 **Evaluation.** The Bank will hire consultants to carry out a midterm review and a final project evaluation. Both assessments will consider the appraisal, progress in terms of the technical agenda, logical framework indicators and means of verification, and data generated by the self-evaluation included in the Report on Standards and Codes (ROSC). The midterm review will be performed 24 months into program implementation or when 50% of the funding has been disbursed. A final evaluation will be made within three months following project completion. For the latter, an independent expert will assess the program's impact in terms of IAS/ISA application and implementation and the degree to which the reform program assists in adopting those international standards. The midterm and final evaluations will be funded with MIF resources.

VII. PROJECT RATIONALE AND RISKS

A. Benefits and rationale

- 7.1 This project is considered to be consistent with MIF objectives in supporting processes related to the development of regulatory frameworks, information

transparency and strengthening of capital and financial markets. Convergence will bring Chile into line with its trading partners and OECD member countries in terms of financial accounting information, which will encourage investments and foreign trade and facilitate improved access to international capital markets.

B. Beneficiaries

- 7.2 The project will benefit the following groups: (i) large firms and business organizations, because financial statements prepared on the basis of internationally accepted standards will facilitate their participation in international markets; (ii) SMEs, because they will have a permanent information and training center; (iii) regulatory bodies because they will encounter standardized information in the different sectors, thereby facilitating their oversight task; (iv) Chilean professional and technical workers in the accountancy field, whose technical capacity will be enhanced; and (v) society at large, as a result of greater transparency in financial and accounting information.

C. Risks

- 7.3 Following the transformation of professional institutes into legally established institutions under private law, without obligatory affiliation, membership of the Institute began to decline at a rate of about 10% per year, before stabilizing at around 8,500 accountants. This implied in a drastic cut in income, which has generated a deficit for the last three years. To address this problem, the Institute has drastically curtailed its expenditures and raised membership fees; and it has carried out effective campaigns to attract new members. Through the project, the Institute will become a center of excellence in terms of international standards, offering new courses, workshops and seminars, and providing leadership to the convergence process. All of this will encourage Chilean accountancy professionals to become part of the institution, and thus increase its income.

VIII. SOCIAL AND ENVIRONMENTAL VIABILITY

- 8.1 The Committee on Environment and Social Impact (CESI) reviewed and approved this project without further comment on 3 October 2003. Given the nature of the program, no negative social or environmental impact is anticipated, either direct or indirect. In social terms, the project is expected to expand access to training services in the accountancy profession to a universe of accountants located in less favored geographical areas, and to individuals from a variety of socioeconomic strata.

IX. SPECIAL CONTRACTUAL CONDITIONS

- 9.1 None.

X. EXCEPTIONS TO BANK POLICIES AND PROCEDURES

10.1 No exceptions to Bank policies are envisaged.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERNATIONAL STANDARDS ON AUDITING
LOGICAL FRAMEWORK
CH-M1001**

Objectives	Indicators	Means of Verification	Assumptions
Goal			
To bring Chile into line with global standards by adopting standardized criteria in the presentation of financial accounting information, thereby facilitating trade integration.	<ul style="list-style-type: none"> • IASs and ISAs converging with a six month time lag vis-à-vis their issuance by the IASB. 	<ul style="list-style-type: none"> • Annual GAAP reports • Technical bulletins • Audit standards 	<ul style="list-style-type: none"> • Interest exists among regulatory bodies and firms generally to converge towards international standards.
Purpose			
To strengthen existing mechanisms to support the system and process for issuance and adaptation of international standards, and to strengthen effective mechanisms of coordination, integration and dissemination, to converge rapidly towards those standards.	<ul style="list-style-type: none"> • 90% of regulated firms prepare their financial statements by applying IASs and ISAs adapted by the Institute. 	<ul style="list-style-type: none"> • Annual report of the Institute • Reports of regulatory bodies • Financial statements of regulated firms, by sample. • Midterm review • Final evaluation 	<ul style="list-style-type: none"> • Regulatory bodies are in agreement with the issuance of the technical bulletins and audit standards issued by the Institute. • System for issuing standards remains effective.
Components			
I. Convergence plan	<ul style="list-style-type: none"> • Convergence plan approved by the 6th month and implemented by the end of the project • 100% of standards established in the planned converge. • Targets established in the technical agenda fulfilled each year. 	<ul style="list-style-type: none"> • Convergence plan • Critical study of status at start of project • Technical bulletin and audit standards • Annual report of the Institute • Midterm review • Final evaluation 	<ul style="list-style-type: none"> • Regulatory bodies and firms have real interest in convergence. • Pressure exists in the regional market for use of IASs and ISAs.
II. Strengthening of the accounting profession	<ul style="list-style-type: none"> • 3% increase in the number of affiliates midway through the project and 10% by the end. • 100 professionals obtain certification by the end of the second year and 800 in total by the end of the project. • 5% annual increase in website users. 	<ul style="list-style-type: none"> • Registry of Institute members • Registry of certified accountants • Website hit count • Annual report of the Institute • Midterm review • Final evaluation 	<ul style="list-style-type: none"> • Interest exists among accountancy professionals to improve their knowledge. • Professionals have incentives to access the website. • Professionals have access to the Internet. • The Institute has capacity to finance the project counterpart funding. • The Institute succeeds in increasing its membership.

Objectives	Indicators	Means of Verification	Assumptions
III. Training	<ul style="list-style-type: none"> 100% of the curricula of higher education institutions forming the Institute's education committee include ISAs and IASs at the end of the project. At least two courses per year given for each of the 13 regional councils. 2% increase per year in number of participants in training courses on international trade for SMEs. 	<ul style="list-style-type: none"> Curricula of higher education institutions forming the Institute's education committee. Annual report of the Institute Annual report of the professional development committee Statistics on INDEP participation Midterm review Final evaluation 	<ul style="list-style-type: none"> Interest in IASs and ISAs exists among higher education institutions. Incentives exist for SMEs to participate in international trade seminars. Regional councils form an active part of the Institute's national organization.
IV. Dissemination	<ul style="list-style-type: none"> Increases demand for INDEP presenters at conferences and seminars. At least five dissemination events held per year. Increase in subscriptions to technical journal. Four technical journals issued per year. One ethical standards dissemination event per year. One monthly publication in mass media. 	<ul style="list-style-type: none"> Institute files Annual report of the Institute Websites of newspapers, magazines, radio and TV stations Technical journals Midterm review Final evaluation 	<ul style="list-style-type: none"> Appropriate incentives exist for convergence towards IASs and ISAs. Continuous demand exists for uniform standards in the international domain.
Activities			
Component I	MIF: US\$313,700	Local: US\$241,700	
(i) Critical study of current status (ii) Technical agenda (iii) Contact and coordination (iv) Interpretation and orientation guides (v) Convergence plan panels	<ul style="list-style-type: none"> By the end of the 6th month By the end of the 6th month Throughout the project Throughout the project Throughout the project 	<ul style="list-style-type: none"> Study finalized Technical agenda finalized Memorandum of meetings Annual reports Technical bulletins Annual report of the Institute 	<ul style="list-style-type: none"> This set of activities makes it possible to approve and implement a convergence plan. Consensus achieved on the need for the plan.
Component II	MIF: US\$122,400	Local: US\$190,200	
(i) Global strategy (ii) Redesign of information and management systems (iii) Certification system a. Design b. Implementation (iv) Telephone advisory service and consultations in the Institute (v) Regional and international relations	<ul style="list-style-type: none"> By the end of the 6th month By the end of the year By the end of the year From the second to the fourth year From month 6 to 48 Throughout the project 	<ul style="list-style-type: none"> Global Strategy New reports Database Database of participating professionals Internal regulations Phone call records Notes of meetings Calendars 	<ul style="list-style-type: none"> These activities create incentives for expanding the membership. A more efficient and effective organization will enable the Institute to provide better services. The certification system helps in professional recognition.

Objectives	Indicators	Means of Verification	Assumptions
(vi) Redesign of website a. Redesign b. Maintenance (vii) Free mail hosting and other services of professional interest	<ul style="list-style-type: none"> By the end of the 6th month From month 7 to 48 Throughout the project 	<ul style="list-style-type: none"> Website counter List of professionals with mail box 	
Component III	MIF: US\$159,000	Local: US\$135,000	
(i) Agreements with higher education institutions. (ii) Continuing education curricula (iii) Partnerships with higher education institutes (iv) Training in regional councils a. Design b. Implementation (v) Training program for SMEs a. Design b. Implementation (vi) Training program via e-learning	<ul style="list-style-type: none"> Throughout the project Throughout the project Throughout the project By the end of the 6th month From month 7 to 48 By the end of the year From the 2nd to the 4th year Starting from the 3rd year 	<ul style="list-style-type: none"> Agreements Curricula for continuing education. List of participants Supply of academic courses Reports on training provided Reports from regional councils Participant lists Listing of courses Participant lists Evaluations Report of the Institute 	<ul style="list-style-type: none"> Inter- relation with higher education institutions helps in academic recognition. The supply of training alternatives achieves permanent updating and expansion of knowledge.
Component IV	MIF: US\$97,800	Local: US\$56,200	
(i) Communications plan (ii) Dissemination of ethical standards (iii) INDEP presenters at conferences and seminars (iv) Publications (v) Coordination of activities with private-sector business associations (vi) Relations with regulatory bodies (vii) Technical bulletins and their compendiums (viii) Meetings with audit firms (ix) Studies for convergence process awareness-building	<ul style="list-style-type: none"> By the end of the 6th month Throughout the project Throughout the project From month 12 to 48 on a quarterly basis Throughout the project Throughout the project 10 per year Throughout the project At least 2 per year 	<ul style="list-style-type: none"> Communications plan Listing of events held Listing of institutions and individuals participating INDEP reports Minutes of seminars Publications Annual report Listing of meetings Notes, letters of communication Agreements Technical bulletins Notes of meetings Letters of communication Studies 	<ul style="list-style-type: none"> The greater the information, the greater the interest and demand. Ethical awareness increases good practices in the profession. The more that stakeholders are involved, the more support they will provide to bringing about changes.

**International Financial Reporting Standards and International Standards on Auditing
DETAILED BUDGET**

	Breakdown	IDB					Local counterpart					Cash	Kind	TOTAL				
		Year 1	Year 2	Year 3	Year 4	Total	Year 1	Year 2	Year 3	Year 4	Total			Year 1	Year 2	Year 3	Year 4	TOTAL
	Component 1: Convergence plan																	
3.4.iv	Consultancy:																	
	Technical manager	49,425	25,425	12,425	10,425	97,700	20,575	34,575	47,575	49,575	152,300	152,300		70,000	60,000	60,000	60,000	250,000
	Administrative assistants (2)	38,000	38,000	38,000	38,000	152,000								38,000	38,000	38,000	38,000	152,000
	Bilingual assistant	10,000	10,000	10,000	10,000	40,000								10,000	10,000	10,000	10,000	40,000
3.4.i	Appraisal of current status	0				0	18,000				18,000	18,000		18,000	0	0	0	18,000
3.4.ii	Technical agenda	3,000				3,000	3,000				3,000	3,000		6,000	0	0	0	6,000
3.4.iii	Contact with others (5 events)	3,000	2,000			5,000	1,800	1,200			3,000		3,000	4,800	3,200	0	0	8,000
3.4.v	Panels in congresses	0				0	1,500	1,500	1,500	1,500	6,000		6,000	1,500	1,500	1,500	1,500	6,000
	Equipment	0				0	11,000		5,000		16,000		16,000	11,000	0	5,000	0	16,000
	Materials	4,000	4,000	4,000	4,000	16,000	7,500	8,000	8,900	9,000	33,400	13,400	20,000	11,500	12,000	12,900	13,000	49,400
	Travel, per diems, etc.	0				0	2,500	2,500	2,500	2,500	10,000	10,000		2,500	2,500	2,500	2,500	10,000
	Total: Component 1	107,425	4,000	64,425	62,425	313,700	65,875	10,500	65,475	62,575	241,700	196,700	45,000	173,300	127,200	129,900	125,000	555,400
	Component 2: Strengthening																	
3.5.i	Strategic plan	10,000	0	0	0	10,000	10,000	0	5,000	0	15,000	10,000	5,000	20,000	0	5,000	0	25,000
	Professional presentation					0	1,000				1,000	1,000		1,000	0	0	0	1,000
	Promotion of professional body					0	500	500	500	500	2,000	2,000		500	500	500	500	2,000
	Dissemination material	2,000	2,000	2,000	2,000	8,000					0			2,000	2,000	2,000	2,000	8,000
	Bulletin	3,750	3,750	3,750	3,750	15,000					0			3,750	3,750	3,750	3,750	15,000
	Stationery					0	1,250	1,250	1,250	1,250	5,000		5,000	1,250	1,250	1,250	1,250	5,000
3.5.ii	Redesign of systems					0	7,100				7,100	4,100	3,000	7,100	0	0	0	7,100
3.5.iii	Certification of accountants	3,000	3,000	3,000	3,000	12,000	7,800	12,800	22,800	34,900	78,300	11,100	67,200	10,800	15,800	25,800	37,900	90,300
3.5.iv	Telephone advisory service	4,000	4,000	4,000	4,000	16,000	4,250	4,250	4,250	4,250	17,000	17,000		8,250	8,250	8,250	8,250	33,000
	Staff to attend to members	4,500	4,500	4,500	4,500	18,000	4,500	4,500	4,500	4,500	18,000	18,000		9,000	9,000	9,000	9,000	36,000
3.5.v	Regional and international integration	1,250	1,250	1,250	1,250	5,000	1,250	1,250	1,250	1,250	5,000	5,000		2,500	2,500	2,500	2,500	10,000
3.5.vi	Web page	500	500	500	500	2,000					0			500	500	500	500	2,000
	Database of professional accountants					0	7,000	2,000	2,000	2,000	13,000	10,000	3,000	7,000	2,000	2,000	2,000	13,000
3.5.vii	Web hosting	20,100	14,000	2,300	0	36,400	4,000	2,000	3,000	5,000	14,000	14,000		24,100	16,000	5,300	5,000	50,400
	Logistics and infrastructure					0	3,700	3,700	3,700	3,700	14,800		14,800	3,700	3,700	3,700	3,700	14,800
	Total: Component 2	49,100	33,000	21,300	19,000	122,400	52,350	32,250	48,250	57,350	190,200	92,200	98,000	101,450	65,250	69,550	76,350	312,600
	Component 3: Training																	
3.7.i, iii.	Educational relations	2,000	2,000	2,000	2,000	8,000	2,000	2,000	2,000	2,000	8,000	8,000		4,000	4,000	4,000	4,000	16,000
3.7.ii	Continuing education curricula	7,250	7,250	7,250	7,250	29,000	6,625	6,625	6,625	6,625	26,500	13,500	13,000	13,875	13,875	13,875	13,875	55,500
3.7.iv, v	Coordinators	24,000	13,000	8,000	8,000	53,000	5,000	4,000	9,000	9,000	27,000	27,000		29,000	17,000	17,000	17,000	80,000
	Materials					0								0	0	0	0	0
	Marketing and publications	8,000	8,000	8,000	8,000	32,000	9,000	9,000	9,000	9,000	36,000	36,000		17,000	17,000	17,000	17,000	68,000
	Pamphlets	3,250	3,250	3,250	3,250	13,000	2,750	2,750	2,750	2,750	11,000		11,000	6,000	6,000	6,000	6,000	24,000
3.8.vi	E-learning courses		6,000	6,000	6,000	18,000		6,000	6,000	6,000	18,000	10,000	8,000	0	12,000	12,000	12,000	36,000
	Equipment	4,800	1,200	0	0	6,000	2,125	2,125	2,125	2,125	8,500		8,500	6,925	3,325	2,125	2,125	14,500
	Total: Component 3	49,300	40,700	34,500	34,500	159,000	27,500	32,500	37,500	37,500	135,000	94,500	40,500	76,800	73,200	72,000	72,000	294,000
	Component 4: Dissemination																	
3.9.i	Communication plan	5,000	2,000	1,000	1,000	9,000	2,000	1,000	500	500	4,000	4,000		7,000	3,000	1,500	1,500	13,000
	Public relations	3,125	3,125	3,125	3,125	12,500	4,900	4,900	4,900	4,900	19,600	19,600		8,025	8,025	8,025	8,025	32,100
3.10.ii	Manual of ethical standards	500	500	500	500	2,000					0			500	500	500	500	2,000
	Ethical oversight					0	1,250	1,250	1,250	1,250	5,000	3,500	1,500	1,250	1,250	1,250	1,250	5,000
3.10.iv	Technical journal	7,950	7,950	1,900	2,000	19,800					0			7,950	7,950	1,900	2,000	19,800
3.10.iv	Publications and journals	4,250	4,250	4,250	4,250	17,000					0			4,250	4,250	4,250	4,250	17,000
3.10.	Conferences and seminars (iii, v, vi, viii)	2,250	2,250	2,250	2,250	9,000	1,650	1,650	1,650	1,650	6,600	6,600		3,900	3,900	3,900	3,900	15,600
3.10.vii	Bulletins	2,250	2,250	2,250	2,250	9,000					0			2,250	2,250	2,250	2,250	9,000
3.10.ix	Awareness-building studies	5,000	5,000	5,000	4,500	19,500	5,250	5,250	5,250	5,250	21,000	21,000		10,250	10,250	10,250	9,750	40,500
	Total: Component 4	30,325	27,325	20,275	19,875	97,800	15,050	14,050	13,550	13,550	56,200	54,700	1,500	45,375	41,375	33,825	33,425	154,000
	Administration																	
	Coordinator	6,100	6,000			12,100	12,400	12,500	18,500	18,500	61,900	61,900		18,500	18,500	18,500	18,500	74,000
	Accountant and secretary					0	12,250	12,250	12,250	12,250	49,000	40,000	9,000	12,250	12,250	12,250	12,250	49,000
	Total: Administration	6,100	6,000	0	0	12,100	24,650	24,750	30,750	30,750	110,900	101,900	9,000	30,750	30,750	30,750	30,750	123,000
	Audit, evaluation and consulting																	
	Evaluation		10,000		10,000	20,000									10,000	0	10,000	20,000
	Audit					0			10,000		10,000	10,000			0	0	10,000	10,000
	Technical support from the cluster		15,000	10,000		25,000									15,000	10,000	0	25,000
	Total: Audit, evaluation and consultancy	0	25,000	10,000	10,000	45,000	0	0	0	10,000	10,000	10,000	0	0	25,000	10,000	20,000	55,000
	Contingencies					0					6,000	6,000	6,000					6,000
	General Total	242,250	136,025	150,500	145,800	750,000	185,425	114,050	195,525	217,725	750,000	550,000	200,000	427,675	362,775	346,025	363,525	1,500,000

MIF Accounting and Auditing Projects in Chile
International Financial Reporting Standards and International Standards on Auditing
CH M1001

A. Similar or related projects

None

B. Similar or related Bank projects

Project number and approval date	Project name, executing agency, and amount	Signature date and disbursement period, in months	Amount disbursed	Comments
CH0170 20-II-02	Modernization of the Office of the Comptroller General of the Republic	12-III-02 48 months	5%	According to the Project Performance Monitoring Report (PPMR), implementation is unsatisfactory. Nonetheless, and despite delays caused by turnover in the technical teams and changes in the preparation of the bidding conditions, <i>inter alia</i> , in 2003 the Office of the Comptroller General made progress on several technical elements that should make project execution more efficient in the future.

C. Projects related to the same sector or beneficiaries

None